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SUBJECT: RWANDA SCENE-SETTER FOR VISIT OF AF A/S JENDAYI  
FRAZER, APRIL 5-8, 2006

#### Overview

¶1. Post warmly welcomes your visit to Rwanda. Rwanda is a country struggling to overcome its past and bring its people and economy into the 21st century. The legacy of the 1994 genocide in which up to one million people were killed still haunts the country and underlies the tension faced by a government attempting to balance the goals of internal security and democracy. While the current government has made dramatic progress in rebuilding the country's infrastructure and economy which was devastated by the genocide, there are many remaining challenges.

¶2. On March 11, for the second time in seven months, President Kagame reshuffled his cabinet, dismissing three ministers reportedly for poor performance. The Rwandan Civil Aviation Authority and SN Brussels Airlines are still in negotiation to resume operation of SN Brussels flights between Europe and Rwanda that have been suspended since late February as a result of a dispute. Ongoing criticism by GOR officials and genocide survivors of "Hotel Rwanda" hero Paul Rusesabagina continues to call into question his credibility, reputation, and hero status. The campaign coincides with his outspokenness against the government. Former President Bizimungu remains in prison, along with former Minister of Transport and Communication Charles Ntakirutinka, on charges of misappropriation of public funds, criminal association, civil disobedience, and treason after the Supreme Court upheld the lower court's 2004 conviction and 15-year sentence on February 17. Critics have questioned the independence of the judiciary and the political motivation behind the conviction.

¶3. Following the recent release of the 2005 Human Rights Report, the government took the initiative to promptly create a senior-level inter-ministerial working group to focus on human rights issues and opened a dialogue with Embassy to address areas of concern. The GOR understands the importance of improvement in human rights and democracy to its chances of becoming eligible for the Millennium Challenge Account.

#### Bilateral Relations

¶4. Relations between the U.S. and Rwanda are cordial, with frequent exchange of views on a range of bilateral, regional, and international issues. The U.S. became Rwanda's largest bilateral donor in 2005, with USD 80 million in assistance to Rwanda that year. Rwanda is eligible for tariff preferences under the African Growth and Opportunity Act (AGOA) and will receive USD 72 million in

new HIV/AIDS assistance under the President's Emergency Plan for AIDS Relief (PEPFAR). Rwanda is taking steps to qualify for the Millennium Challenge Account.

#### Demographics

¶5. Rwanda is Africa's most densely populated country, whose 8.3 million people live in an area the size of Maryland. Government policy downplays ethnic divisions, which had led to the genocide, but the three traditional ethnic groups are Hutu (84 percent), Tutsi (15 percent), and Batwa (1 percent). The population is young (almost half under the age of 17), and the current population growth rate of 2.7-3 percent would lead to a doubling of the population by 2030. It is a primarily rural society with 85-90 percent of the population engaged in subsistence agriculture. Primary exports remain coffee, tea, minerals, and pyrethrum (used in insecticides), but new ventures in horticulture, essential oils, and peppers are providing additional export opportunities. Eco-tourism is the second largest foreign currency-generating industry.

#### The Rule of Law

¶6. The Rwandan judiciary has made notable progress since the GOR initiated judicial reforms in 2001. In 2003, a new Constitution established the judiciary as a separate branch of government, and the GOR continues to make efforts to strengthen the independence and capacity of the judiciary. In 2004, the regular courts were inoperative for ten months due to substantial reforms, including the dismissal and replacement of many judges and the training of court personnel. The GOR has plans to increase the presence of

lawyers throughout the country (currently only 147, based mostly in the capital) to improve access to legal services and to establish circuit courts throughout the country, especially in the rural areas, to reduce the backlog of pending cases (currently approximately 47,000). A new legal training institute is due to soon begin operation.

#### The AU Mission

¶7. The Rwandan Defense Forces (RDF), one of the most competent and professional militaries in sub-Saharan Africa, have deployed 2,022 troops to the African Union Mission in Sudan (AMIS). In addition to RDF soldiers and officers serving in six-month rotations as force protection and military observers in Darfur, there are 50 civilian police serving under AMIS and 250 RDF troops in Khartoum in support of the United Nations Mission in Sudan (UNMIS). The USG has been providing logistical and training support for the Rwandan contribution to AMIS since initial deployment in August 2004. The U.S. Air Force and U.S.-funded contract airlines have provided transport for all troop deployments, and U.S. contractors have conducted training for over 2,900 RDF soldiers in preparation for the Darfur deployments; an additional 530 are currently being trained.

#### Regional Ties

¶8. The U.S. has taken the lead in promoting regional stability by fostering improved cooperation among Rwanda, the Congo, and other countries in the Great Lakes region. While there is still mutual distrust, Rwanda's relations with the Congo and Burundi have improved. After the August elections in Burundi, the Rwanda-Burundi relationship has steadily improved, with the training of Burundian military officers by the RDF. Relations with Uganda, although still lukewarm, have also improved, although it remains to be seen whether President Kagame will accept Uganda's invitation to attend the May 12 presidential inauguration of newly re-elected Museveni. Reduced tensions will promote regional stability, enhancing prospects for economic and social

development. Rwanda anticipates joining the East African Community and has the support of Kenya, Tanzania, and regional countries, but the membership process, originally scheduled to be completed by early 2006, has been prolonged by Uganda.

#### Political Pluralism

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¶9. In 2003, President Kagame was elected to a seven-year term with 95 percent of the votes, and members of Parliament were elected. In February 2006, local officials were elected to five-year terms in local elections, and in early March 2006 the new mayor of Kigali City was elected. The next legislative elections will be held in 2008, Presidential elections in 2010, and local elections in 2011. The 2003 presidential and legislative elections were peaceful but marred by irregularities. The most recent elections (local elections) were generally considered free and fair, with no indication of coercion, harassment, or intimidation of voters. The extent of opposition participation in the political process was limited, with relatively few non-RPF candidates, which raised questions about possible political influence in the selection of candidates.

#### Economic Development

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¶10. Rwanda's economy remains largely dependent upon foreign aid, while its population remains overwhelmingly rural with 85-90 percent of families earning a living through subsistence agriculture and 60 percent of households living below the poverty line. However, Rwanda has achieved an average GDP growth rate of 6 percent over the past five years and increased the total value of exports by 23 percent in 2005. The government has established important oversight for managing the economic health of the country, including in the areas of tax collection, banking, trade agreements, anti-corruption, and fiscal policy. It has improved road conditions throughout the country, and maintained a low corruption rate relative to neighboring countries. In 1996, there were a total of 91 parastatal enterprises; 51 of those enterprises were privatized by the end of 2004. Privatization of the telecommunications and banking sectors have been completed, and Electrogaz is scheduled to be

privatized in FY 2008.

#### Poverty Reduction

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¶11. The government has made efforts, with measurable results, to reduce poverty and to improve access to health care and education, despite its severely limited resources. Under its national policy of universal primary education, the GOR provides free primary education to all children. A joint GOR-donor task force is focusing on improvement of girls' education. The GOR is also attempting to improve access to health care through greater decentralization to ensure adequate health services at the local level. In addition, it has implemented plans for the prevention, protection, and reintegration of street children (currently 7,000 out of 4.2 million children), including vocational training to promote self-reliance through development of income-generating skills.

¶12. Rwanda has a Poverty Reduction Strategy Paper tied to its participation in the Heavily Indebted Poor Country (HIPC) debt relief initiative. Rwanda met HIPC requirements in 2005 and significantly reduced its overall debt, but faces challenges due to food insecurity resulting from less-than-anticipated rainfall in recent months and insufficient energy capacity. Anticipated GDP growth is estimated at 3-5 percent, while inflation is likely to decrease to 5 percent.

#### Global Health

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¶13. HIV/AIDS: Recent results of a 2005 demographic and health survey, preliminarily but not yet officially released by the GOR, indicate a national HIV prevalence rate of 3.0 percent (3.6 percent for women, 2.3 percent for men). The survey suggests that women are contracting HIV/AIDS at a younger age than men and that for both sexes prevalence in urban areas is approximately three times higher than in rural areas. Over the next five years, the USG's PEPFAR program in Rwanda will provide 50,000 people with ARV treatment, prevent 158,000 new HIV infections, and provide care and support to 250,000 people affected by HIV/AIDS, including orphans and vulnerable children. FY06 PEPFAR funding for Rwanda is approximately USD 72 million.

¶14. Malaria: Rwanda is among a short list of four countries currently under consideration for FY07 funding under the President's Malaria Initiative, a five-year, USD 1.2 billion effort to rapidly expand malaria prevention and treatment in seven sub-Saharan African countries. Funding in FY07 will total USD 135 million for the seven countries. Three countries -- Angola, Uganda, and Tanzania -- were previously selected to launch the Initiative.

#### USAID Assistance -----

¶15. Democracy and Governance: The USAID Democracy and Governance program focuses on three areas: local government, civil society, and reconciliation. The agency supports decentralized governance through an innovative program in which health and governance objectives combine to ensure local management and delivery of high quality health services. The program is intended to demonstrate ability for local governments to manage and fund public services. The program is complemented by a civil society program that will give over 400 small grants to local organizations that provide services, income generation, or other economic development opportunities. The agency also supports a series of smaller projects related to reconciliation, such as activities in women's micro-finance, women's legal rights, land policy and law, and youth trauma therapy.

¶16. Specialty Coffee: In 2001 when USAID spearheaded the specialty coffee sector in Rwanda, the country produced only low-grade commercial quality beans for export despite coffee being Rwanda's traditional number one export earner. Over the past five years, USAID has invested an estimated USD 10 million in promoting and developing the Rwandan coffee industry, building and rehabilitating coffee washing stations, training farmers and "cuppers" (coffee tasters), organizing cooperatives, encouraging banks to lend to Rwandan investors to build coffee washing stations, and improving rural infrastructure. Today, Rwandan coffee has become known as one of the "best of the best" coffees in the world. In 2005, Rwanda exported 1,100 tons of high quality specialty coffee, earning top prices for the coffee growers.

These coffee revenues have resulted in better health care, education, and housing in coffee farming communities, giving Rwandan farmers hope for a better future. Most recently, on March 14, Starbucks launched a promotional campaign featuring the best of Rwandan coffee which will be seen by an estimated 19 million customers per week in over 5,000 Starbucks retail stores throughout the U.S.

#### Mission Staffing -----

¶17. The Mission consists of 42 direct-hire Americans (including 3 NEC project personnel assigned by OBO), 7 American contractors, 8 Eligible Family Member positions and 185 locally engaged staff spread among State, USAID, Defense and CDC. The post has grown by 20 percent over the past two years, including the activation of a Marine Security Guard Detachment, and is likely to expand further. Construction of a new Embassy compound is under way and is scheduled for completion in 2007.